

STATE OF INDIANA

ORIGINAL
MARCH 14, 2007



INDIANA UTILITY REGULATORY COMMISSION
302 W. WASHINGTON STREET, SUITE E-306
INDIANAPOLIS, INDIANA 46204-2764

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MEMORANDUM

TO: Commissioners Hardy, Golc, Landis, Server and Ziegner

FROM: Jerry L. Webb, Director of Water/Sewer Division *Jerry L. Webb*

DATE: March 8, 2007

RE: Utility Articles for Next Conference

The following Final Article A and Preliminary Article A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after March 14, 2007.

JLW/ld

"A" Final

The following miscellaneous item will be eligible for final consideration at the next Commission Conference and based upon a review of it by staff members of the Commission, I recommend approval.

1. Kokomo Gas & Fuel Company

The utility proposes establishing a new School Aggregation Pool Service to make aggregation service available to public school corporations and secondary educational institutions acting individually or as a group.

Customers under this service will lock in a fixed commodity rate for a period of three to twelve months. This fixed rate will be based on the weighted average NYMEX natural gas 12-month strip, the weighted average NYMEX Basis Swap for Panhandle Pipeline, and a monthly administrative charge of \$100 distributed equally amongst pool accounts.

School Aggregation Pool Service customers will continue to be subject to a delivery charge, but the commodity cost of gas portion will be credited back to the customer.

Due to operational transition issues, the company is unable to offer a true transportation rate to all schools, but has committed to making its best effort to implement true transportation as soon as possible.

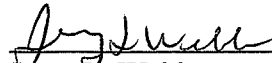
Cost support was provided.

The tariff sheets affected by this filing are:

- G-13 Sheet No. 51, pages 1 through 3
- APPENDAGE A

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Please indicate your consideration and action of the preceding item on the appropriate lines provided below.



Jerry L. Webb
Director of Water/Sewer Division

I approve of all items as presented above

I approve of all items as presented above except

Not participating in the following items

I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Brenda A. Howe
Secretary to the Commission

"A" Preliminary

The following new miscellaneous item has been reviewed by staff members of the Commission and we recommend accepting it for filing.

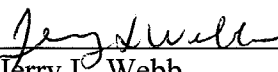
1. Duke Energy Indiana, Inc.

Duke Energy Indiana seeks approval of a change in its Standard Contract Rider 63, Emission Allowance Adjustment, in accordance with Commission Order in Cause No. 42359, dated May 18, 2004. This Order reaffirmed Duke Energy Indiana's authorization to recover SO₂ and NO_x emission allowance costs via Standard Contract Rider No. 63. Additionally, in Cause No. 42718, dated May 24, 2006, the Commission approved an amendment to Duke Energy Indiana's Standard Contract Rider 63, authorizing recovery of mercury emissions (Hg) allowance costs.

The proposed emission allowance charge factor is \$0.001161 per kilowatt-hour and is applicable to all retail electric rate schedules for the months of April, May, and June 2007. The proposed factor will be effective upon Commission approval. This factor includes the emission allowance cost variance of (\$1,480,453) from September through November 2006. The reduction in native load emission allowance expense resulted from gains on sales of native load emission allowances.

The tariff sheet affected by this filing is:

Standard Contract Rider No. 63



Terry L. Webb
Director of Water/Sewer Division